Chad Stroomer
(250) 387-0377
Chad.Stroomer@gov.bc.ca
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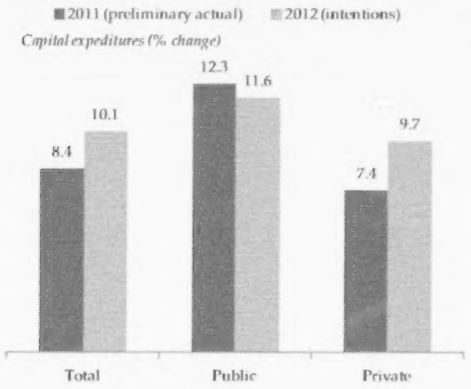
BRITISH COLUMBIA | BCStats

Public and Private Investment Intentions

Capital investment in B.C. is expected to reach $50.8 billion in 2012

Total capital investment by British Columbia's public and private organisations is anticipated to rise 10.1%, reaching $50.8 billion in 2012.[1]

Capital investment to be fuelled by spending by both the private and public sectors in 2012



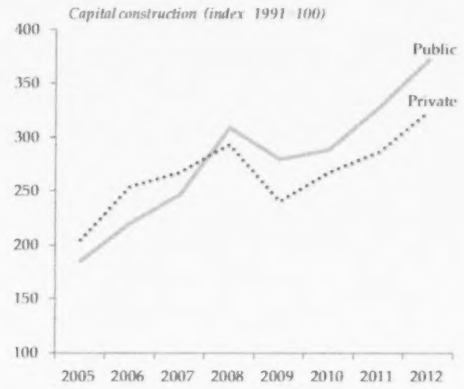
Data Source: Statistics Canada

Most of the expected increase is due to a 9.7% advance in private sector investment. However, public sector spending is expected to rise at a slightly higher rate (+11.6%).

Double-digit increase in construction expenditures anticipated for 2012

A double-digit rise in construction expenditures (+13.1%) is the largest source of the anticipated increase in total investment for 2012.[2] Spending on non-residential construction projects is expected to jump 16.9%, a rate of growth not seen since the recent recession. Most major industry groups in B.C. expect to increase spending on non-residential construction in 2012.

Construction spending by the public sector has risen faster than private sector expenditures



Data Source: Statistics Canada

Business spending on non-residential structures is forecast to advance 19.9% in 2012, chiefly driven by a significant increase in planned investment by firms in primary industries (+14.6%) and communications & utilities (22.7%).

The manufacturing sector is projected to more than double (+172.4%) its investment in new construction projects in 2012, with producers of wood (+106.7%), paper

[1] Capital expenditures are valued in current dollars. Therefore, growth rates include the effect of price changes due to inflation.

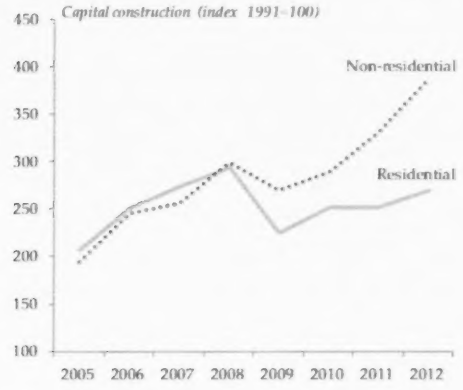
[2] Capital construction includes the erection, assembly, and completion of free standing, static buildings or other types of structures, generally on a permanent foundation. Construction also includes modifications, additions and major renovations where either a structural change takes place or the life of an existing asset is extended. Repairs and maintenance related to existing structures are *not* considered capital expenditures.

(+70.6%), and other (+178.9%) products projecting substantial increases.

Investment in non-residential structures by government departments is expected to increase 11.7% in 2012. Outlays for non-residential construction by education, health & social services industries, however, are expected to dip 2.6%.

After registering no growth during the previous year, total residential construction is expected to rise 7.3% in 2012. Since 2008, growth of residential construction investment has been somewhat sluggish. Even including anticipated spending for 2012, investment in residential construction is predicted to remain well below (–7.9%) the 2008 level.

Since 2008, growth of non-residential investment has exceeded residential investment



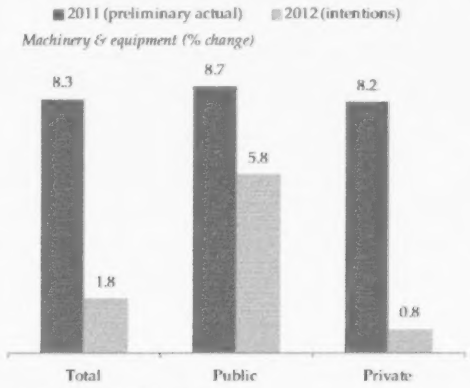
Data Source: Statistics Canada

Spending on machinery & equipment is projected to advance 1.8% in 2012

Total capital expenditures on machinery & equipment by public and private organisations are expected to inch 1.8% higher in 2012.[3]

In 2012, private sector expenditures on machinery & equipment are anticipated to edge only slightly higher (+0.9%) compared to the previous year. While the construction (+4.6%), primary industry (+4.1%), and communications & utilities (+2.3%) sectors predicted increased investment in machinery & equipment, manufacturing (–0.8%) and other services (–0.2%) expect to reduce their investment.

Growth of private sector spending on machinery & equipment is expected to slow in 2012



Data Source: Statistics Canada

After posting a sharp decline (–13.6%) in 2011, capital spending on machinery & equipment by the public sector is expected to jump 9.2% due to increased spending by government departments (+24.0%). Machinery & equipment expenditures by the education, health & social service sector are expected to decline 1.8%.

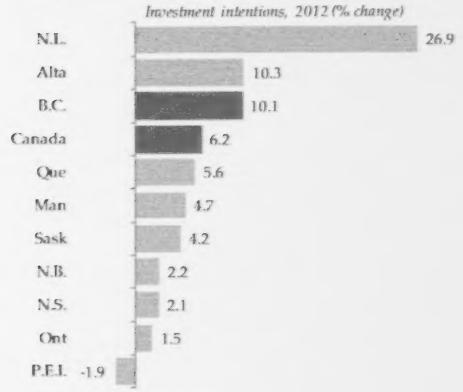
B.C. expected to have third strongest increase in investment for 2012

Nationally, total capital expenditures are expected to rise 6.2% to $394 billion in 2012. Well ahead of the national average, Newfoundland & Labrador (+26.9%), Alberta

[3] Capital spending on machinery and equipment represent the total capitalized cost of machinery such as automobiles, earth moving machines, office furniture, and professional and scientific equipment. Repair and maintenance related to existing machinery & equipment are *not* considered capital expenditures.

(+10.3%) and B.C. (+10.1%) all anticipate double-digit increases in capital spending.

Newfoundland, Alberta and B.C. expect growth above of the Canadian average



Data Source: Statistics Canada

In 2012, Ontario (30%) and Alberta (25%) expect to make up well over half of all capital spending in the country. British Columbia is forecast to account for the fourth largest share (13%) of the national total.